



# DEPARTMENT OF MANAGEMENT AND BUDGET

## FAIRFAX COUNTY ECONOMIC INDICATORS ©

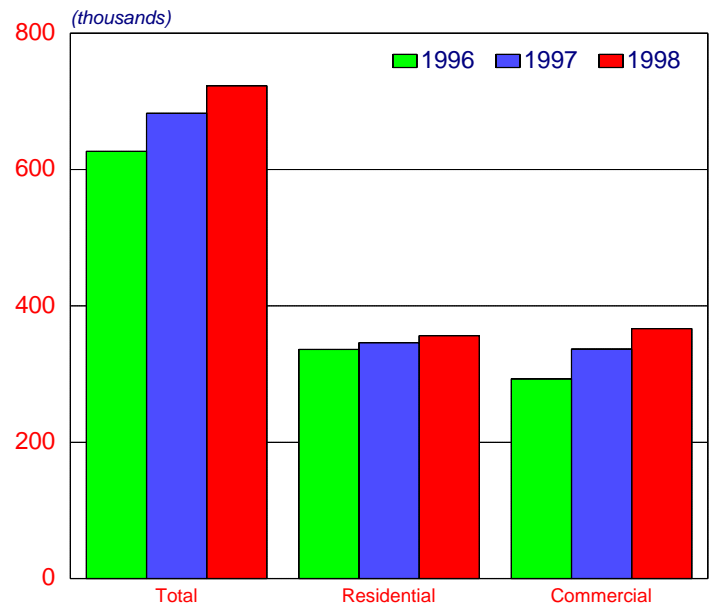
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AUGUST 1998

### AUGUST HIGHLIGHTS

- ❑ The County's unemployment rate increased 0.4 points in June to 1.9 percent, according to data reported by the Virginia Employment Commission.
- ❑ Fairfax County's August Sales Tax receipts, representing retail sales in June, outpaced the prior year by a significant 10.9 percent.
- ❑ Issues of new residential dwelling permits were up again in July, resulting in a cumulative lead over last year of 61.2 percent.
- ❑ In June, the volume of existing homes sold increased significantly, while the median selling prices of existing homes sold in the County remained relatively steady, compared to 1997.
- ❑ The sales volumes of all types of new homes are down through June, reflecting dramatic declines in new condominium sales, while sales of single family and townhomes decreased more moderately, as compared to the prior year.
- ❑ Based on sales data through June, the median selling price of new single family homes is up for the first time this year.
- ❑ In June, the Fairfax County Coincident Index remained constant while the Fairfax County Leading Index declined moderately.

### BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - JULY



Source: Bell Atlantic  
Compiled by the Fairfax County Dept. of Management and Budget

*Growth in new business telephone lines continues to slow...*

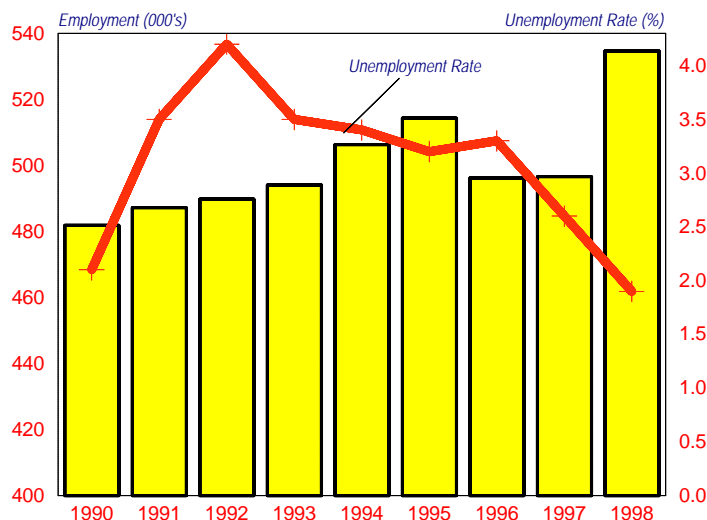
As of July 31, 1998, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 722,905 telephone lines, up 40,350 lines, or 5.9 percent, over July 1997. The business sector added the majority, or 30,060, of the new telephone lines over the past 12 months. Total business lines in the County are up 8.9 percent to 366,567 lines. Although this growth rate is still significant, the pace has slowed down in recent months. Residential telephone lines totaled 356,338 as of July, an increase of 10,290 lines, or 3.0 percent, over the prior year.

The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



## RESIDENTIAL EMPLOYMENT- JUNE



Source: Virginia Employment Commission  
Compiled by the Fairfax County Dept. of Management and Budget

*The County's unemployment rate inched up 0.4 points in June...*

The County's unemployment rate increased 0.4 points in June to 1.9 percent from the 1.5 percent registered in May, according to the Virginia Employment Commission (VEC). Consistent with recent trends, the unemployment rate is notably below that of one year ago, when a rate of 2.6 percent was recorded. The VEC also reported that 534,629 Fairfax County residents were employed in June, up 7.7 percent, or 38,026 jobs, over the prior year. It should be noted, however, that the VEC has completed its annual revision of the prior year's data to make it consistent with national employment figures. As a result, the 1998 job growth rate may be significantly overstated in 1998. For example, before the 1997 data were revised, job growth ranged between 2.0 percent and 2.3 percent.

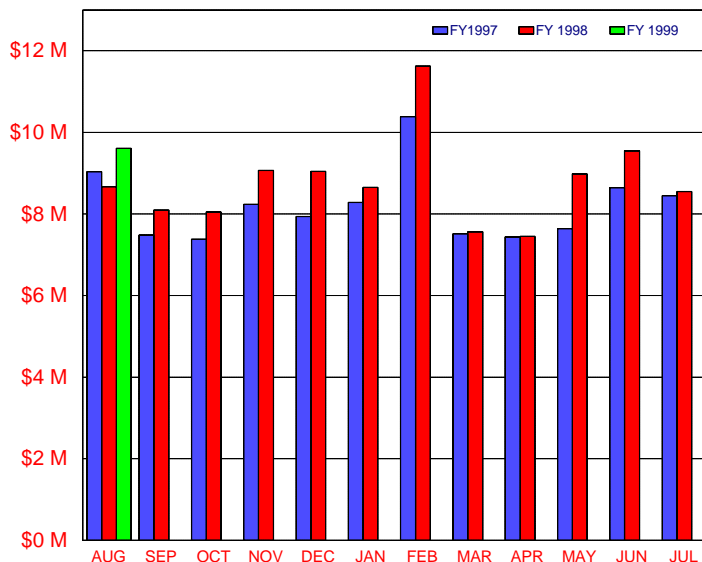
*The unemployment rate for both the Commonwealth and the nation increased moderately...*

The Commonwealth's unemployment rate also increased in June, rising 0.5 points to 3.5 percent from the 3.0 percent experienced in May. Again, this rate is significantly below that of the prior year when the State's unemployment rate was 4.7 percent. Nationally, the unemployment rate inched up a modest 0.2 points to 4.5 percent from the 4.3 percent registered in May.

The impacts of a tight local labor market are evident in the local construction industry. In fact, the *Washington Post* recently reported that many local construction firms are unable to meet the demand for their services as they face the tightest labor market in a decade. Shortages of skilled carpenters, plumbers, electricians and drywall specialists are limiting the number of projects local firms can take on. Although less skilled workers are more readily available, construction crews routinely work 12-hour days and six-day weeks in order to meet demand.

## SALES TAX REVENUES

(revenues represent retail sales two months prior)

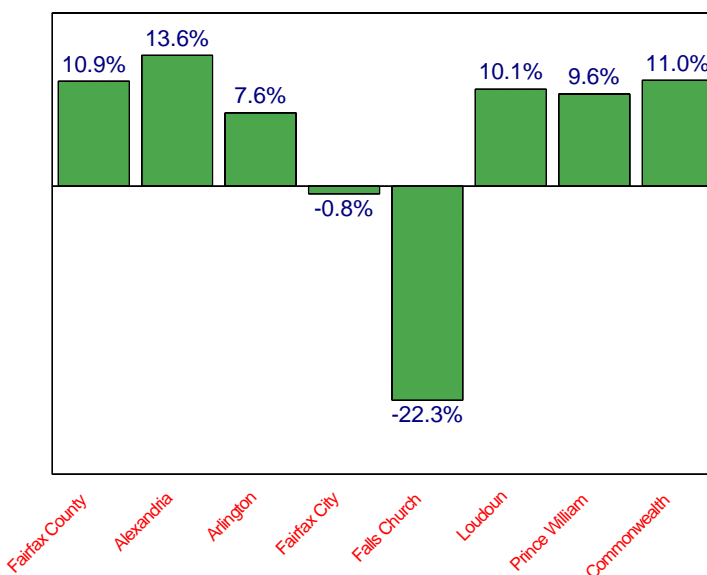


Source: Virginia Department of Taxation  
Compiled by the Fairfax County Dept. of Management and Budget

*Fairfax County's August Sales Tax receipts topped that of prior year by 10.9 percent...*

Fairfax County's August Sales Tax receipts, representing retail purchases made in June, totaled \$9.6 million and were up a significant 10.9 percent over the prior year. Please note this is the first month of data for FY 1999.

## FY 1999 SALES TAX RECEIPTS - AUGUST



Source: Virginia Department of Taxation  
Compiled by the Fairfax County Dept. of Management and Budget

*Retail Sales up in four Northern Virginia localities...*

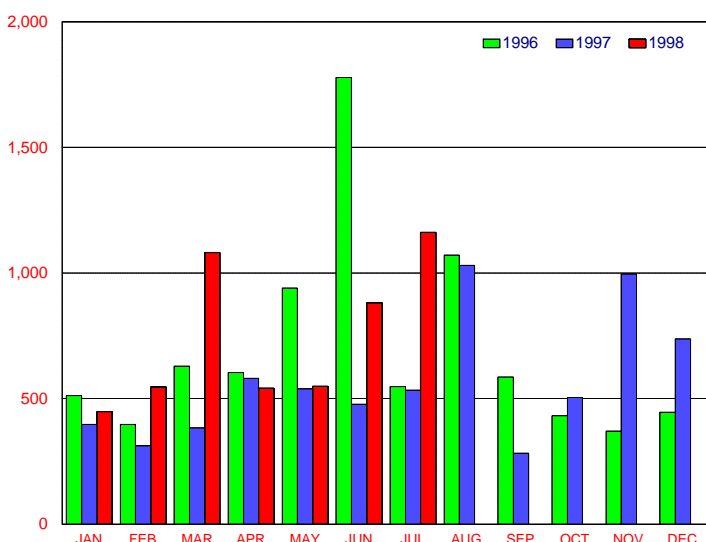
Relative to last year, June sales of taxable retail goods, as measured by August Sales Tax receipts, were up in four of the six local jurisdictions monitored. August Sales Tax collections were up 13.6 percent in Alexandria, 10.1 percent in Loudoun, 9.6 in Prince William and 7.6 percent in Arlington. On the negative side, Sales Tax receipts for Falls Church and Fairfax City were down 22.3 percent and 0.8 percent, respectively, in August. The negative patterns established in

FY 1998 for these two jurisdictions are, therefore, continued. Sales Tax receipts for the first month of FY 1999 in the Commonwealth reflected an increase of 11.0 percent.

*National retail sales up in June also...*

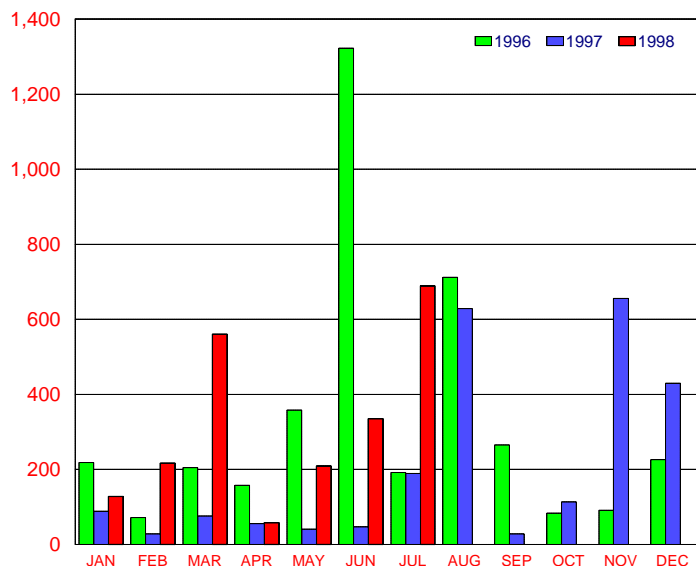
June national retail sales increased 7.8 percent over June 1997, according to the Commerce Department. Durable goods sales posted a significant advance of 12.8 percent, reflecting positive gains in all three of its components. Nondurable goods sales also posted a gain in June, albeit a more modest 4.1 percent. Five of the six major components in this category made positive contributions ranging from 3.6 percent to 8.1 percent. Larger gains were made in drug and proprietary stores as well as in general merchandise group stores, while food stores reported more moderate advances. In contrast, gasoline service stations posted a decline.

#### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



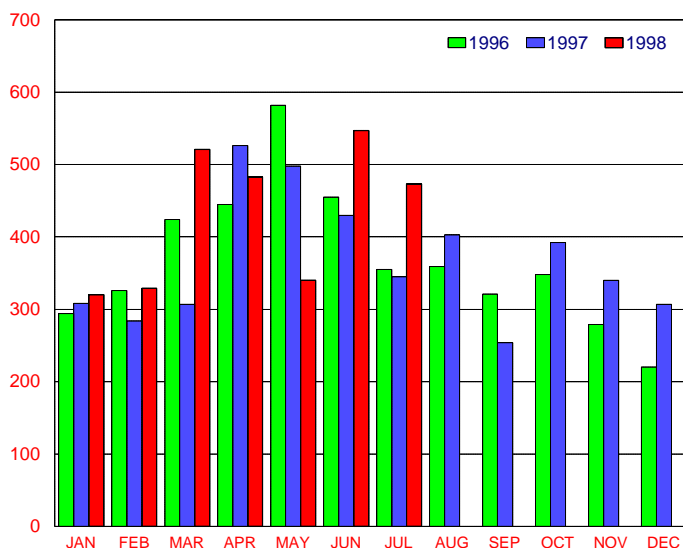
Source: Department of Environmental Management  
Compiled by the Fairfax County Dept. of Management and Budget

#### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management  
Compiled by the Fairfax County Dept. of Management and Budget

#### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Environmental Management  
Compiled by the Fairfax County Dept. of Management and Budget

*Issues of new residential dwelling permits lead prior year by 61.6 percent...*

Issues of new residential dwelling permits increased again in July, advancing a significant 117.6 percent, as compared to the prior year. To date, 5,209 new residential dwelling permits have been issued by the County, reflecting an increase of 61.6 percent, or 1,986 permits, over the same period in 1997. The significant increase is primarily due to gains in the multifamily component. To date, 2,196 permits have been issued for multifamily structures, reflecting a lead of 318.3 percent, or 1,671 permits over the prior year. Permit issues for single family structures total 3,013 through July, up a more moderate 11.7 percent, or 315 permits, relative to last year.

*Issues of residential repair and alteration permits dropped in July...*

The number of residential repair and alteration permits issued in July dropped 3.1 percent, or 41 permits. With this decrease, the number of residential repair and alteration permits issued through July total 8,491 permits, down 3.3 percent, or 291 permits, as compared to the prior year.

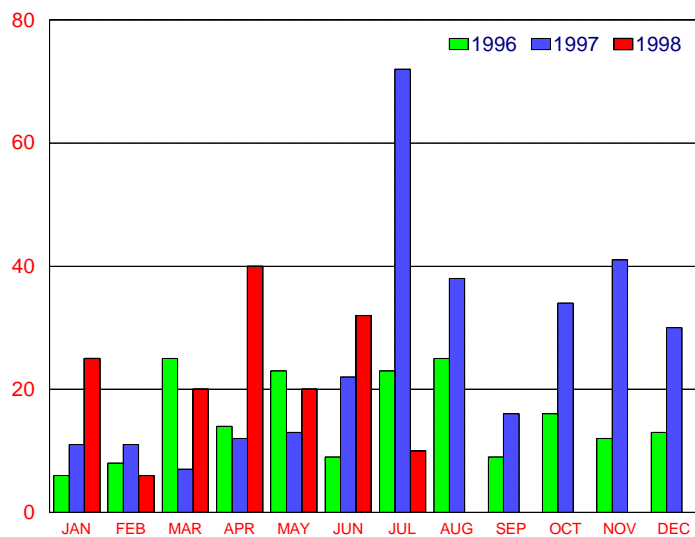
*Nationally, housing starts up through July...*

Nationally, through July, new privately owned housing starts were up 9.2 percent relative to 1997, according to the Commerce Department. The West leads to date with an increase of 10.3 percent, followed by the South at 9.6 percent, the Northeast at 8.9 percent, and the Midwest at 6.7 percent.

*The number of residential building permits issued nationwide up also...*

The Commerce Department also reported that the number of residential building permits issued nationwide through July increased 10.1 percent over 1997 and was positive in all four regions. Residential building permit issues were up 12.2 percent in the South, 11.8 percent in the West, 5.9 percent in the Northeast, and 5.4 percent in the Midwest.

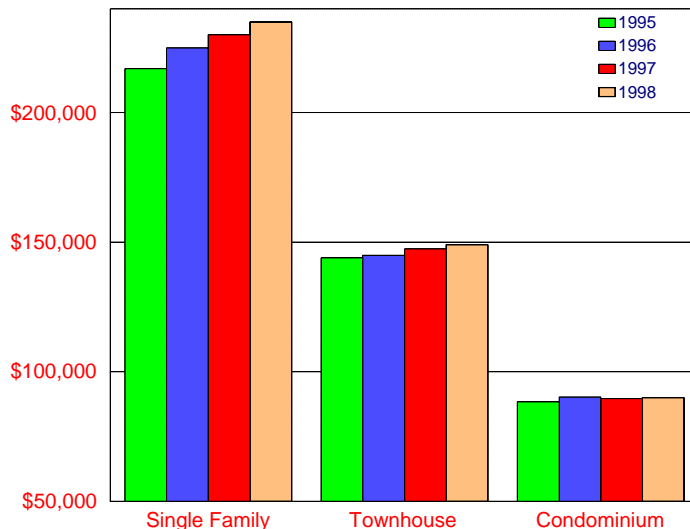
### NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management  
Compiled by the Fairfax County Dept. of Management and Budget

### HOME SALES IN FAIRFAX COUNTY

#### MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY-JUNE 1998 COMPARED TO ANNUAL MEDIAN PRICES 1995 - 1997



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

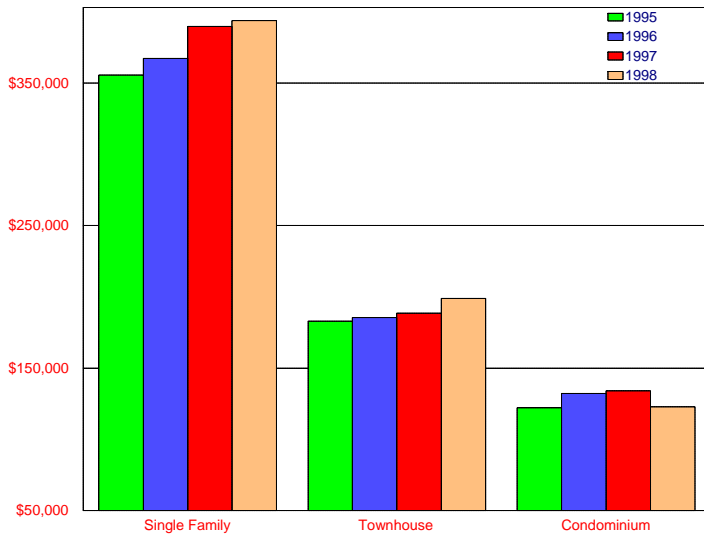
*The number of non-residential permits issued up moderately...*

The number of nonresidential permits issued through July total 153, representing a modest increase of 3.4 percent, or five permits, relative to last year. Issues of nonresidential repair and alteration permits through July are also up moderately, topping the same period last year by 2.5 percent, or 56 permits.

*The median selling prices of all types of existing homes up through June...*

Based on sales data through June, the median selling prices of existing homes, in all categories, reflect modest increases. The median selling price of existing single family homes sold through June is \$235,000, an increase of \$5,000, or 2.2 percent, over 1997's median selling price of \$230,000. The median selling price of existing townhomes is also up slightly, topping 1997's median selling price of \$147,500 by \$1,500, or 1.0 percent, to \$149,000. The median price of existing condominiums sold through June remains essentially flat, increasing only \$375, or 0.4 percent, to \$90,000, compared to \$89,625 established in 1997.

**MEDIAN PRICE OF NEW HOMES SOLD  
JANUARY - JUNE 1998 COMPARED  
TO ANNUAL MEDIAN PRICES 1995 - 1997**



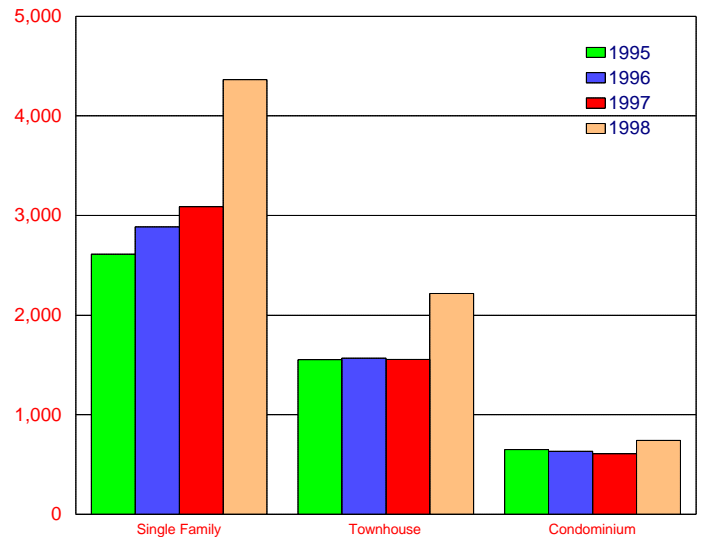
Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

*The median selling price of new single family homes is up for the first time this year...*

Sales data through June indicate increases in the median selling prices of new single family homes and townhomes, while the median sales price of new condominiums continues

to be down. The median selling price of new single family homes is up for the first time this year, advancing a modest 1.0 percent to \$393,738 from the \$389,747 established in 1997. A median selling price of new townhomes of \$198,940 has been established through June, topping that of last year by 5.6 percent. By contrast, the median selling price of new condominiums is down, declining 8.4 percent to \$122,807 from the \$134,038 established in 1997.

**NUMBER OF EXISTING HOMES SOLD  
JANUARY - JUNE**



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD  
JANUARY - JUNE 1998 COMPARED TO 1997 ANNUAL**

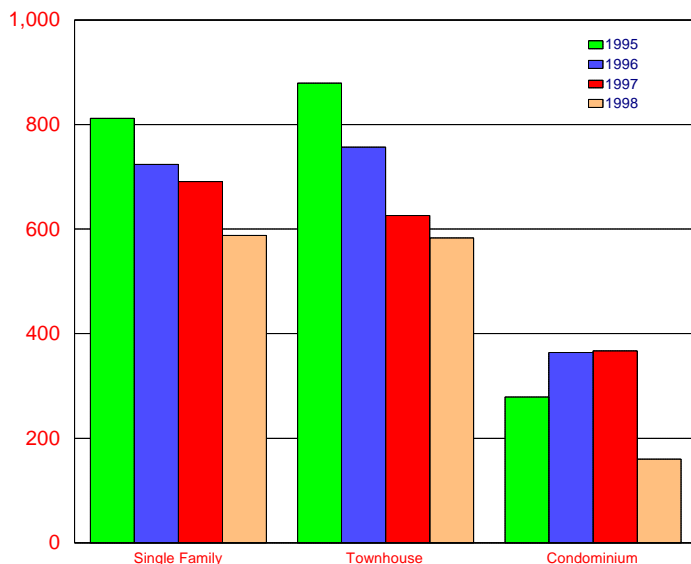
	Existing Sales	New Sales
Single Family	2.2	1.0
Townhouse	1.0	5.6
Condominium	0.4	-8.4

Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

*The volume of all types of existing homes sold up 49.2 percent in June...*

In June, a total of 2,123 existing homes of all types were sold, reflecting an increase of 700 units, or 49.2 percent, compared to June 1997. This increase in the sales volume adds to the significant lead over last year. Through June, a total of 7,324 existing homes have been sold, compared to 5,251 in 1997. Sales of existing townhomes totaled 2,217 units through June, up 42.7 percent, or 663 homes, relative to 1997. To date, 4,364 existing single family homes have been sold, up 41.3 percent, or 1,275 homes, over the level registered in 1997. Comparatively, 743 condominiums were sold in this period, an increase of 22.2 percent, or 135 units, relative to last year.

### NUMBER OF NEW HOMES SOLD JANUARY - JUNE



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

**The new home market continues to weaken...**

In dramatic contrast to the existing home market, the new home market continues to weaken. In June for example, the sales volume fell short of the prior year by 47.2 percent, or 166 units. To date, 1,331 new homes have been sold, a decrease of 21.0 percent, or 353 homes.

New condominium sales totaled 160 through June, down 56.4 percent, or 207 units, relative to 1997. The number of new single family homes sales declined once again in June and are now down 14.9 percent, or 103 homes, cumulatively, compared to the same period in 1997. Sales of new townhomes show a more modest decline of 6.9 percent, or 43 units, compared to the prior year.

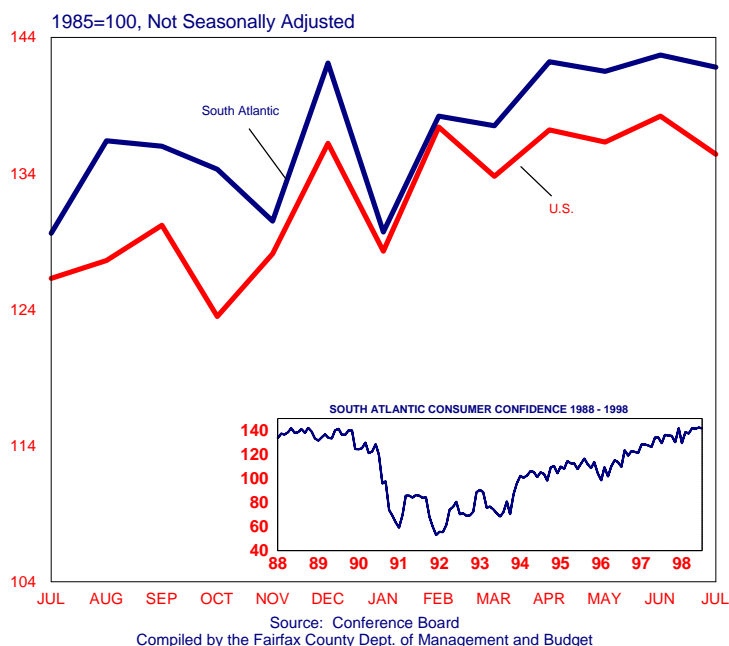
**New home sales up nationally...**

National sales of new homes through June grew by 10.9 percent over the same period in 1997. New home sales were up

significantly in the Midwest, increasing 20.3 percent, while more modest advances of 9.6 percent, 9.4 percent, and 2.2 percent were posted in the West, South and Northeast, respectively.

### ADDITIONAL INDICATORS

#### CONSUMER CONFIDENCE INDICES



**South Atlantic Consumer Confidence Index dipped ...**

The Conference Board's South Atlantic Consumer Confidence Index posted a slight decline in July, losing 0.9 points and dropping to 141.8, as reported by

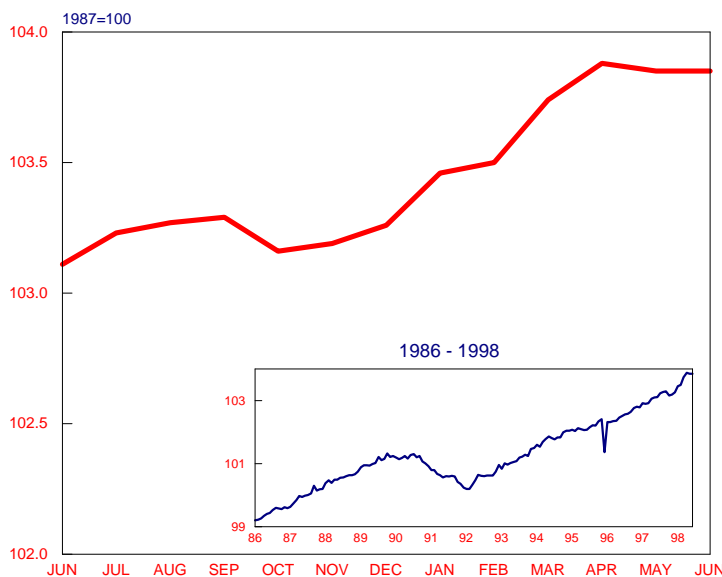
the Conference Board. The national Consumer Confidence Index declined more significantly in July, decreasing 2.8 points to 135.4 in July. Despite the decreases in both the South Atlantic Consumer Confidence Index and the national Consumer Confidence Index, however, analysts at the Conference Board report that consumers' assessment of current and near term economic conditions remain positive.

As reported in recent articles in both *The Wall Street Journal* and *The Washington Post*, economic growth as measured by the Gross Domestic Product, slowed down in the second quarter to its slowest growth rate in three years. Consumer spending remains strong, however, thereby mitigating some of the impacts of the Asian financial crisis. Despite the apparent slow down, many analysts still believe that the economy is strong. In fact, a White House economist cites the economy's ability to weather the Asian financial crisis and the General Motors strike as evidence of its strength. She also stated, however, that her positive outlook hinges on the Asian crisis being stabilized. Other analysts have also indicated that their economic forecasts remain positive, and that a moderation in economic growth may relieve some of the pressure of a tight labor market which currently exists.



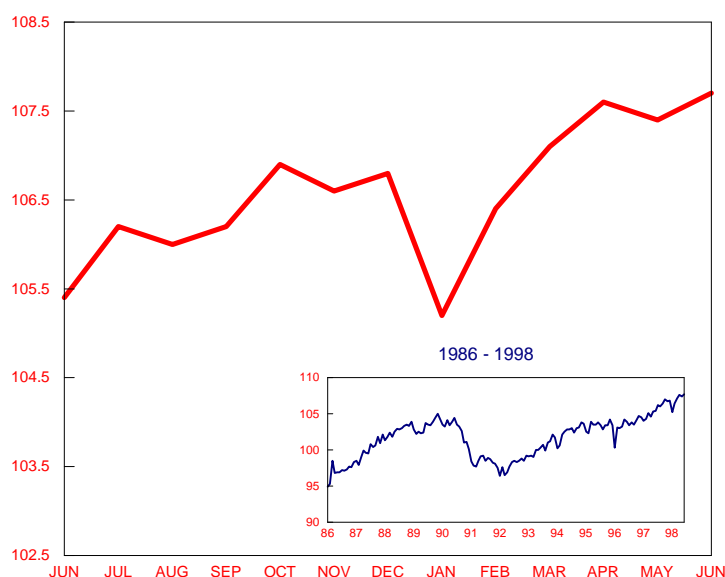
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses. Note that the Metropolitan Indices were not available at the time of publication.

### FAIRFAX COUNTY COINCIDENT INDEX



Sources: Center for Regional Analysis, George Mason University  
Fairfax County Dept. of Management and Budget

### METROPOLITAN COINCIDENT INDEX



Source: Center for Regional Analysis, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

*The Fairfax County Coincident Index remained constant in June despite negative contributions...*

The Fairfax County Coincident Index, which represents the current state of the County's economy, remained constant at 103.85 in June, despite the fact that three of the Index's four components were negative. Total employment decreased slightly for the first time in eight months, Transient Occupancy Tax collections decreased for the first time in seven months, and the consumer confidence component showed a decline after increasing for four consecutive months. Retail Sales Tax receipts, however, increased significantly, and have been up in three of the past four months.

**Fairfax County**

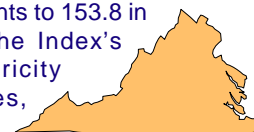
*The Metropolitan Coincident Index made modest advances in June...*

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, advanced a modest 0.3 points in June, increasing to 107.7. The Index is now 1.7 points above its June 1997 level. Relatively modest gains were posted in three categories, including total wage and salary employment, nondurable goods retail sales, and Ronald Reagan National Airport domestic passenger volume, while consumer confidence slipped.

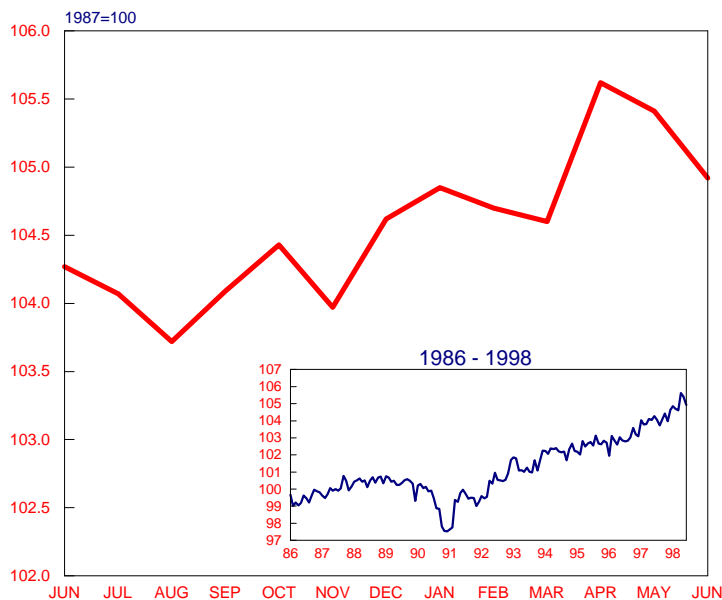


*Virginia economy slips in June...*

Crestar Bank reports that the Virginia Coincident Index declined 1.6 points to 153.8 in June. Only two of the Index's components, electricity consumption and taxable retail sales, advanced in June.

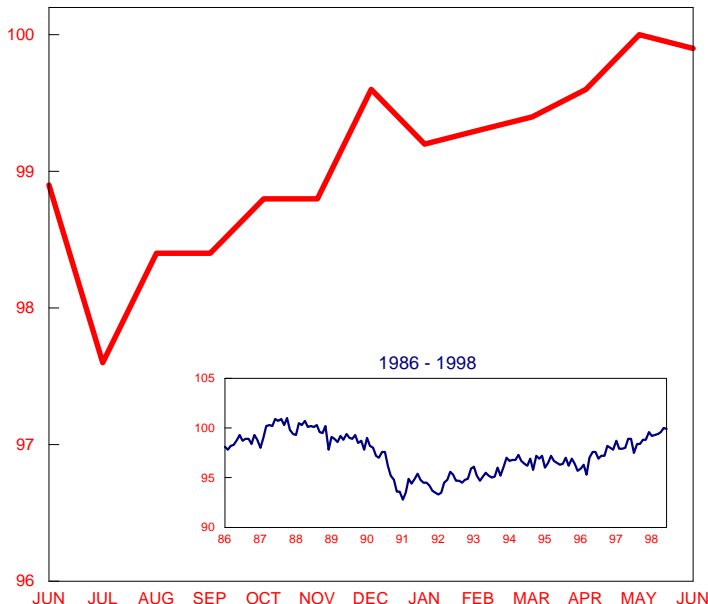


## FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University  
Fairfax County Dept. of Management and Budget

## METROPOLITAN LEADING INDEX



Source: Center for Regional Analysis, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

*A decline in the County's June Leading Index point toward slower economic growth...*

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, declined for the second month in a row in June, decreasing 0.49 points to 104.92. The Index has reflected declines in four of the last five months, pointing towards slower economic growth in the coming months. In June, four of the Index's five components made negative contributions. New automobile registrations declined for a second month, and for the fifth time in the last six months; initial claims for unemployment insurance increased (worsened) after improving in the prior two months; consumer confidence declined; and, the mean value of residential building permits dropped for the second month in a row. By contrast, residential building permits increased, and have now been positive in four of the last five months.



*The Metropolitan Leading Index declines in June...*

In June, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, dropped a very modest 0.1 point to 99.9. This is the same level as registered in June 1997. Of the Index's five components, three made positive contributions, including the Help Wanted Index, consumer expectations and durable goods retail sales, while total building permits declined after gaining significantly in May and initial unemployment claims increased (worsened) following a sharp improvement last month.



*Virginia Leading Index also slips in June...*

The Virginia Leading Index, produced by Crestar Bank, slipped a slight 0.2 points to 166.3 in June. Four of the Index's nine components posted declines, with the most significant negative contribution attributable to new business starts.



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